

Message Text

CONFIDENTIAL

PAGE 01 NASSAU 01694 01 OF 03 022139Z

ACTION ARA-14

INFO OCT-01 ISO-00 SS-15 SSO-00 SP-02 INR-07 INRE-00
NSCE-00 /039 W

-----104174 022234Z /14

O 021926Z NOV 77

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC IMMEDIATE 001

C O N F I D E N T I A L SECTION 1 OF 3 NASSAU 1694

FOR ASSISANT SECRETARY TODMAN

E.O. 11652: GDS

TAGS: OVIP BF

SUBJ: TODMAN VISIT

REF: STATE 258640

1. MINISTER OF EXTERNAL AFFAIRS HAS INFORMED
AMBASSADOR TODAY (NOV. 2) THAT BOTH HE AND
PRIME MINISTER PINDLING WOULD WELCOME SEEING
ASSISTANT SECRETARY TODMAN ON DEC 1 AND 2.

2. OUR SUGGESTED SCHEDULE FOR YOUR VISIT
IS AS FOLLOWS:
THURSDAY, DEC. 1 - BRIEF ARRIVAL REMARKS,
PHOTO SESSION; DINNER BY AMBASSAOR OR
POSSIBLY BY GCOB.
FRIDAY, DEC 2 - CALLS ON ACTING GOVERNOR
GENERAL, SIR GERALD CASH, PRIME MINISTER
PINDLING AND MINISTER OF EXTERNAL AFFAIRS
PAUL ADDERLEY WITH A WORKING LUNCH WITH
PINDLING, ADDERLEY AND OTHER OFFICIALS;
PRE-DEPARTURE PRESS CONFERENCE WITH Q AND
A SESSION.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 NASSAU 01694 01 OF 03 022139Z

3. MATTERS WHICH YOU MIGHT BE CALLED ON TO
DISCUSS DURING VISIT ARE ESSENTIALLY THE SAME
AS THOSE DISCUSSED BETWEEN PRIME MINISTER AND
PRESIDENT AT THEIR SEPTEMBER MEETING IN WASHING-
TON WHICH YOU ATTENDED. AS OF THIS DATE, GCOB
HAS STILL NOT RESPONDED TO OUR LETTER OF DEC 24,
1975 SETTING FORTH OUR OFFER FOR THE FACILITIES,

NOR TO OUR NOTES OF AUG 15 OR SEPT 27, 1977,
REQUESTING DISCUSSIONS ON THE DELIMITATION OF
FISHERIES AND ECONOMIC ZONE BOUNDARIES RESPEC-
TIVELY. WHILE WE DOUBT THAT THERE WILL BE ANY
SUBSTANTIAL MOVEMENT PRIOR TO YOUR VISIT, YOUR
OFFICE WILL BE KEPT INFORMED. WE HAVE ALSO
ASKED THAT THE DEPARTMENT REQUEST AN UPDATE FROM DOD
ON THE QUID CONTAINED IN OUR DEC 1975 FACILITIES
PROPOSAL WHICH YOU AND WE WILL HOPEFULLY RECEIVE
PRIOR TO YOUR ARRIVAL.

4. SPECIFIC BILATERAL PROBLEMS INCLUDE:

(A) INCREASED DIRECT AIR SERVICE TO THE
BAHAMAS FROM U.S. DESTINATION POINTS. (AT
PRESENT ONLY TWO MAJOR U.S. AIRLINES -- EASTERN
AND DELTA -- OFFER SERVICES TO THE BAHAMAS
FOLLOWING CESSATION OF SERVICE BY PANAM IN THE
SPRING OF 1976. THE BAHAMIANS CONTEND -- AND
WE THINK WITH MERIT -- THAT AN ADDITIONAL
CARRIER IS NEEDED -- THEY PREFER AMERICAN ON
THE NEW YORK RUN. THE DEPARTMENT HAS OFFERED
ITS GOOD OFFICES TO SUPPORT THE BAHAMIAN REQUEST
BEFORE THE CAB THAT AMERICAN AIRLINES BE ALLOWED
TO REPLACE PANAM IF THE LATTER DOES NOT OPT TO
RENEW SERVICES IN DECEMBER WHICH NOW APPEARS
UNLIKELY AND TO SEPARATE THE BAHAMIAN REQUEST
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 NASSAU 01694 01 OF 03 022139Z

FROM THE CARIBBEAN AIR SERVICE INVESTIGATION.
AMBASSADOR JOHNSON HAS INFORMED EMBASSY THAT
CAB SHOULD MAKE A DECISION IN EARLY NOVEMBER.
IF THIS HAS NOT OCCURRED PRIOR TO YOUR VISIT,
YOU STAFF WILL BE NOTIFIED.

(B) REPEAL OF SECTION 602 OF THE TAX
REFORM ACT OF 1976 WHICH ABOLISHED MOST OF
THE PREVIOUS EXEMPTIONS A U.S. TAXPAYER
ENJOYED FOR ATTENDING OFF-SHORE CONVENTIONS.
ALTHOUGH SUCH A PROPOSAL IS PENDING IN
CONGRESS, WE DO NOT THINK THERE IS LIKELIHOOD
OF ACTION UNTIL AN OVERALL PACKAGE WITH
RESPECT TO TAX REFORM CAN BE INTRODUCED.

(C) THE BAHAMAS STRONGLY SUPPORTS
LEGISLATION INTRODUCED IN THE HOUSE WHICH
WOULD INCREASE THE DUTY-FREE EXEMPTION ON
GOODS PURCHASED ABROAD FROM \$100 TO 250.
A BILL CONTAINING THIS PROVISION WAS PASSED
BY THE HOUSE ON OCT 17 AND WILL BE FORWARDED
TO THE SENATE THIS COMING SESSION.

(D) PRECLEARANCE FACILITIES FOR FREEPORT,
GRAND BAHAMA ISLAND SIMILAR TO THOSE ALREADY

FUNCTIONING IN NASSAU, NEW PROVIDENCE HAVE
BEEN THE SUBJECT OF EXTENDED CONVERSATIONS
OVER THE LAST THREE YEARS. WHILE WE SUPPORT
SUCH A FACILITY, WE HAVE NEVERTHELESS CONDITIONED
FINAL APPROVAL ON THE FULFILLMENT BY THE BAHAMIANS
OF COMMITMENTS THEY UNDERTOOK IN 1974 TO PROVIDE
ADEQUATE PHYSICAL CONDITIONS -- LARGELY OF A
SECURITY NATURE -- AT NASSAU AND TO
IMPLEMENT LEGISLATION WHICH WOULD ENABLE
U.S. CUSTOMS FULLY TO ENFORCE PERTINENT
LAWS AND REGULATIONS. DESPITE BUREAUCRATIC
DELAYS, THE BAHAMIANS ARE NOW MOVING FORWARD
IN BOTH AREAS AND, BARRING UNFORESEEN CIRCUM-
STANCES, WE NOW EXPECT PRECLEARANCE AT FREEPORT
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 NASSAU 01694 01 OF 03 022139Z

TO BE A REALITY THIS WINTER.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 NASSAU 01694 02 OF 03 022148Z
ACTION ARA-14

INFO OCT-01 ISO-00 SS-15 SSO-00 SP-02 INR-07 INRE-00
NSCE-00 /039 W

-----104365 022235Z /14

O 021926Z NOV 77

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC IMMEDIATE 002

C O N F I D E N T I A L SECTION 2 OF 3 NASSAU 1694

FOR ASSISTANT SECRETARY TODMAN

(E) FACILITIES NEGOTIATIONS. DESPITE
VARIOUS ATTEMPTS GOING BACK TO PRE-INDEPENDENCE
(JULY 1973), WE HAVE YET TO REACH AN AGREEMENT
ON THE CONTINUED OPERATIONS OF THE FOUR U.S.
FACILITIES IN THE BAHAMAS OR INDEED TO COMMENCE
MEANINGFUL CONVERSATIONS WHICH MIGHT LEAD TO
SUCH AN AGREEMENT. THESE FACILITIES INCLUDE:
(1) THE NAVY'S ATLANTIC UNDERWATER TESTING

AND EVALUATION CENTER AT ANDROS; (2) THE NAVY'S NAVFAC AT ELEUTHERA; (3) THE U.S. AIR FORCE'S AUXILIARY AIRFIELD AT GRAND BAHAMA; AND (4) THE COAST GUARD'S LORAN A STATION AT SAN SALVADOR. WHILE ADMITTEDLY WE HAVE CONTINUED TO UTILIZE THE FACILITIES FOR FOUR YEARS RENT FREE, THERE IS EVERY LIKELIHOOD THAT THE GCOB INTENDS EVENTUALLY THAT WE PAY THE PIPER. AT THE SAME TIME, DOD IS RELUCTANT TO MAKE OVERDUE IMPROVEMENTS TO THE FACILITIES UNTIL THEIR FUTURE IS CLARIFIED. IT IS OBVIOUS THAT THE GCOB WAS NOT OVERLY PLEASED WITH OUR LATEST OFFER (DEC 1975) AND HOPES TO EXTRACT, IN ADDITION TO RENTAL PAYMENTS, UNSPECIFIED BILATERAL ASSISTANCE WHICH, GIVEN CONGRESSIONAL RESTRAINTS (THE IMF ESTIMATED GCOB PER CAPITA INCOME AT \$2,500) AND CONFIDENTIAL

CONFIDENTIAL

PAGE 02 NASSAU 01694 02 OF 03 022148Z

MOOD, WOULD BE IMPOSSIBLE TO ACCEDE TO. OUR IMMEDIATE OBJECTIVES WILL BE TO CONTINUE TO ATTEMPT TO CONVINCE THEM THAT THE VALUE OF THE BASES IS FINITE, THAT OUR OFFER WAS AND REMAINS FAIR AND VALID, AND THAT BASE RENTAL IS NOT TO BE CONFUSED, NOR CAN IT BE EQUATED, WITH BILATERAL ASSISTANCE.

(F) THE BARTAD PROJECT (BAHAMAS AGRICULTURAL RESEARCH TRAINING AND DEVELOPMENT), A FIVE-YEAR, BILATERAL, \$10 MILLION, AID-FUNDED RESEARCH AGREEMENT WILL TERMINATE IN JANUARY 1978. ALTHOUGH WE HAVE OFFERED TO EXTEND THE AGREEMENT FOR AN ADDITIONAL YEAR TO UTILIZE REMAINING ALLOCATED UNSPENT FUNDS, WE HAVE MADE IT CLEAR THAT NO ADDITIONAL FUNDS WILL BE FORTHCOMING. THE BAHAMIANS ARE NOT PLEASED WITH THIS DEVELOPMENT AND HAVE EXPRESSED DOUBTS THAT THEY WILL BE FINANCIALLY ABLE TO CARRY IT FORWARD AT ITS PRESENT LEVEL. (WE WILL BE MEETING ON NOV 10 TO EXCHANGE VIEWS WITH APPROPRIATE GCOB OFFICIALS ON THIS MATTER.) THE PROJECT HAS PROVEN MOST VALUABLE AS THE RESEARCH CAPSTONE IN THE BAHAMIAN PROGRAM TO PROMOTE AGRICULTURAL SELF-SUFFICIENCY. AT THE SAME TIME, GIVEN ITS BIZARRE GENESIS AND TIS SUI GENERIS HISTORY, THE EMBASSY IS UNABLE TO RECOMMEND FURTHER PARTICIPATION BEYOND THAT NOTED ABOVE. THE GCOB MIGHT NEVERTHELESS ATTEMPT TO INTERJECT THE PROJECT IN THE FACILITIES NEGOTIATIONS OR IN THE CONTEXT OF THE CONSULTATIVE GROUP FOR THE CARIBBEAN.

(G) GEOGRAPHIC PROXIMITY AS WELL AS

BANKING LAWS SPECIFICALLY DESIGNED TO LURE TAX
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 NASSAU 01694 02 OF 03 022148Z

AVOIDERS HAVE IN TURN BROUGHT VARIOUS U.S. LAW ENFORCEMENT AGENTS TO THE BAHAMAS AND THEIR NUMBER APPEARS TO BE INCREASING RATHER THAN DIMINISHING. IN CONTRAST WITH THE FULL AND COMPLETE COOPERATION EXPERIENCED BY THE FBI AND THE DEA (THE 700-MILE CHAIN OF ISLANDS IS MORE AND MORE ATTRACTIVE TO DRUG SMUGGLERS), AS WELL AS CUSTOMS AND SEC, THE IRS HAS EXPERIENCED PROBLEMS, LARGELY OF ITS OWN MAKING. THE REVELATIONS OF 1975 STEMMING FROM ITS EXTRALEGAL -- IF NOT ILLEGAL -- ACTIVITIES IN THE ISLANDS (OPERATION HAVEN AND TRADEWINDS) BROUGHT ITS ACTIVITIES IN THE BAHAMAS TO A TEMPORARY HALT. ONLY THE MOST PERSISTENT EFFORTS BY THE EMBASSY ALLOWED IRS TO RESUME ITS ACTIVITIES IN THE BAHAMAS IN 1976. THAT ARRANGEMENT, INFORMALLY AGREED TO BY THE MINISTRY OF EXTERNAL AFFAIRS, PUTS RESPONSIBILITY FOR COORDINATING ALL IRS ACTIVITIES ON THE EMBASSY, AND TWO TDY AGENTS HAVE NOW BEEN IN NASSAU FOR ALMOST A YEAR. THE EMBASSY HAS GIVEN ITS QUALIFIED APPROVAL TO THE ESTABLISHMENT OF A PERMANENT IRS REGIONAL OFFICE IN NASSAU AND WE ARE AWAITING A DECISION FROM MODE.

(THE FACT THAT THE OTHER LAW ENFORCEMENT AGENCIES OPERATE LARGELY UNENCUMBERED SHOULD NOT BE INTERPRETED TO MEAN THAT THERE ARE NO PROBLEMS WITH THEIR ACTIVITIES. EXAMPLES IN POINT ARE LAST SUMMER'S ANGUILLA CAY EPISODE INVOLVING U.S. CUSTOMS, AND LAST YEAR'S SEC INQUIRY INTO THE FREEPORT-BASED INTERCONTINENTAL DIVERSIFIED CORPORATION.)

(H) THE MOST DIFFICULT BILATERAL PROBLEM CONFRONTING US AT THE MOMENT -- AND ONE THAT WILL UNDOUBTEDLY BE WITH US FOR SOME TIME TO COME IS THE DELIMITATION OF (1) A FISHERIES
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 NASSAU 01694 02 OF 03 022148Z

BOUNDARY, AND (2) AN EVENTUAL MARITIME ECONOMIC ZONE BOUNDARY. DURING TALKS HELD IN NASSAU IN FEBRUARY THE GCOB WAS INFORMED OF OUR INTENTIONS TO ENFORCE OUR FISHERIES LAWS BEGINNING MARCH 1 AND GIVEN A MAP

DELIMITING OUR PROPOSED FISHERIES PROTECTION ZONE. ON AUGUST 15 WE FORMALLY REQUESTED TO OPEN CONVERSATIONS ON A FISHERIES AGREEMENT IN LIGHT OF THE GCOB'S PROMULGATION IN MAY OF THIS YEAR OF A 200-MILE FISHING ZONE SIMILAR TO OUR OWN. ON SEPT 27 WE REQUESTED CONVERSATIONS ON THE ECONOMIC ZONE. AS YET, THE BAHAMAS HAVE GIVEN US NO FORMAL RESPONSE TO EITHER REQUEST, BUT THEY ARE NEVERTHELESS KNOWN TO BE MOST APPREHENSIVE ABOUT OUR INTENTION IN THE AREA NORTH OF THE BAHAMAS AND SOUTHEAST OF THE U.S. THIS AREA, WHICH INCLUDES THE BLAKE PLATEAU, IS THOUGHT TO BE RICH IN NATURAL RESOURCES INCLUDING PETROLEUM, AND THE RESOLUTION OF ITS CONTROL IN AN EQUITABLE MANNER IS OF FIRST IMPORTANCE TO THE GCOB. IN A SEPTEMBER 8 PRESS CONFERENCE IN WASHINGTON, PRIME MINISTER

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 NASSAU 01694 03 OF 03 022206Z
ACTION ARA-14

INFO OCT-01 ISO-00 SS-15 SSO-00 SP-02 INR-07 INRE-00
NSCE-00 /039 W

-----104958 022235Z /14

O 021926Z NOV 77

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC IMMEDIATE 003

C O N F I D E N T I A L SECTION 3 OF 3 NASSAU 1694

FOR ASSISTANT SECRETARY TODMAN

PINDLING MADE SPECIAL EFFORT TO RAUSE THE SUBJECT AND NOTED, NOT SO SUBTLY, THAT HE HOPED THAT THE PANAMA CANAL TREATIES WHEREBY A POWERFUL NATION MADE CONCESSIONS TO A SMALL ONE WOULD SET A PRECEDENT FOR "OTHER NEGOTIATIONS IN THE HEMISPHERE." WE RECOMMEND THAT THE GCOB BE GIVEN MORE TIME TO FORMULATE THEIR RESPONSES TO THESE MATTERS AND THAT WHEN DISCUSSIONS GET UNDERWAY OUR POSITION BE CONSISTENT WITH OUR POSITION VIS-A-VIS OTHER NEIGHBORING COUNTRIES.

5. WE WOULD ALSO HOPE THAT YOU COULD BRIEF
PINDLING AND ADDERLEY ON THE STATUS OF OUR
RELATIONS WITH CUBA AND OUR EFFORTS WITH REGARD
TO, AND THE STATUS OF, THE CONSULTATIVE GROUP
FOR THE CARIBBEAN. THE GCOB HAS THUS FAR BEEN
EXTREMELY CAUTIOUS IN ITS OWN DEALINGS WITH
HAVANA AND HAS YET TO MAKE A FORMAL RESPONSE
TO OUR BRIEFINGS ON THE CONSULTATIVE GROUP,
ALTHOUGH INFORMAL SOUNDINGS AT THE WORKING LEVEL
INDICATE FAVORABLE INTEREST. FINALLY, GCOB
OFFICIALS WHOM YOU WILL MEET WOULD APPRECIATE
ANY COMMENTS ON THE JAMAICAN SITUATION WHICH YOU
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 NASSAU 01694 03 OF 03 022206Z

MIGHT CARE TO MAKE.

6. ARRIVAL AND DEPARTURE STATEMENTS PLSU
Q'S AND A'S FOR PRESS ENCOUNTERS FOLLOW IN
SEPTTEL.
SCHWARTZ

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 02-Nov-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977NASSAU01694
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770404-0174
Format: TEL
From: NASSAU
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197711105/aaaadlxs.tel
Line Count: 356
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: adc2af0e-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 7
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 STATE 258640
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 30-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 402191
Secure: OPEN
Status: NATIVE
Subject: TODMAN VISIT
TAGS: OVIP, BF, (TODMAN, TERENCE)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/adc2af0e-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009